



THULAMELA MUNICIPALITY

Annual Financial Statements
for the year ended June 30, 2012

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

General Information

Legal form of entity

Thulamela Municipality

Members of the Council

Mahosi Ndivhuwo Grace(Mayor)
Maluleke Shadrack Gezani (Speaker)
Fungheni Muvuyisi Claudine (Chief whip)

Exco Members

Netshifhefhe Matodzi
Maholwane Kutala Emiline
Ligaraba Livhuwani Ethel
Mulovhedzi Humbulani Patricia
Tshifhango Avhashoni Stephen
Chabangu Molaba Edward
Malindi Thilivhali Obrien
Madzunya Edzisani

Councillors

Chauke Mkhacani Aarone
Ramatamba Khombo Angelina
Mathambo Rudzani
Malada Phineas Tshimangadzo
Muedi Esther Tshifhumulo
Gundula Thivhulawi Jeffrey
Mabasa Joseph
Maluleke Rosina Langani
Moyo Mkhagani Thomas
Baloyi Mafemani Erick
Khosa Tinyiko Daphine
Matchebela Mafemani Eric
Baloyi Lazarous Ndzunisani
Twala Amelia Zondo
Mahlaule Mafemani
Mathebula Tinyiko Simon
Mabasa Constance Rirhanzu
Mbedzi Selina Thinawanga
Mutheiwana Fululfhelo Asnath
Tharaga Maano Donald
Ramanala Vhengani Maria
Tshifhango Rembuluwani Alson
Nethonnzhe Rudzani Thomas
Mulaudzi Matodzi Mavis
Muisinyane Nditsheni Samuel
Thifulufhelwi Azwitakadzi Lisbeth
Maduse Livhuwani Salthiel
Mavhunga Naledzani Joseph
Munyai Mashudu Evans
Davhana Azwifaneli Joyce
Rammela Mulalo sylvia
Netshifhefhe Matodzi
Tshishonge Dovhani Edna
Madondo Martha Litshani

Thulamela Municipality

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General Information

	Ligege Vhengani Phophi Nemaranzhe Khumeleni Mandiwana Ntakadzeni Ester Mulaudzi Khathutshelo Ernest Mamushiana Thivhionali David Chavani Phahlela Joe
Grading of local authority	Grade 4
Accounting Officer	Mathivha M.H 015 962 7589 mathivhamh@thulamela.gov.za
Chief Finance Officer (CFO)	Madzhie Mavis Azwianewi 015 962 7515 madzhiema@thulamela.gov.za
Province	Limpopo
Physical address	Old Agrieven building Thohoyandou 0950
Postal address	Private bag X5066 Thohoyandou 0950
Bankers	First National Bank
Auditors	Office Of The Auditor General 0152839340 eabotse@agsa.co.za
Name of Contact Person at Provincial Treasury	Mr Ngoepe N 0829669230 ngoepena@limtreasury.gov.za
Name of Contact Person at National Treasury	Mr Nekhavhambe O 0123155867 Obreynekhavhambe@treasury.gov.za

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

Responsibilities and Approval

I am responsible for the preparation of these annual financial statements, which are set out on pages x to x, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. I certify that the salaries, allowances and benefits of councillors, loans made to councillors, if any, and payments made to councillors for the loss of office, if any, as disclosed in note 28 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the remuneration of public officer Bearers Act and the minister of Provincial and Local Government's determination in accordance with this Act

 31/08/2012

Accounting Officer
Mathivha M.H

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

Statement of Financial Position

Figures in Rand	Note(s)	2012	2011
Assets			
Current Assets			
Inventories	5	11,451,434	17,503,472
Consumer Debtors	6	27,633,145	15,507,431
Other receivables	8	110,723,074	34,747,637
Current portion of long-term receivables	4	1,261,206	2,399,025
Cash and cash equivalents	9	190,736,629	80,576,787
		341,805,488	150,734,352
Non-Current Assets			
Property, plant and equipment	2	919,162,682	838,787,605
Intangible assets	3	714,644	1,321,537
Non current receivables	4	1,492,791	154,007
		921,370,117	840,263,149
Total Assets		1,263,175,605	990,997,501
Liabilities			
Current Liabilities			
Short term loan	10	8,213,046	-
Finance lease obligation	11	557,985	882,196
Trade and other payables	14	52,256,829	38,028,664
Consumer deposits	15	20,437	8,115
Unspent conditional grants and receipts	12	54,851,046	837,391
Provisions	13	2,964,448	2,666,889
Bank overdraft	9	-	9,987,775
		118,863,791	52,411,030
Non-Current Liabilities			
Finance lease obligation	11	962,090	1,177,656
Provisions	13	9,318,319	8,567,425
		10,280,409	9,745,081
Total Liabilities		129,144,200	62,156,111
Net Assets		1,134,031,405	928,841,390
Net Assets			
Accumulated surplus		1,134,031,405	928,841,390

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

Statement of Financial Performance

Figures in Rand	Note(s)	2012	2011
Revenue			
Property rates	17	25,425,680	15,631,528
Service charges	18	35,759,268	33,502,622
Rental of facilities and equipment	27	499,006	442,880
Interest on outstanding debtors	24	-	1,012,753
Fines		4,005,673	3,557,665
Licences and permits		11,403,629	10,554,808
Government grants & subsidies	19	430,804,605	266,569,035
Reversal of provision for baddebts		17,617,274	-
Other revenue	20	11,107,851	15,457,962
Interest received - investment	24	7,317,739	5,071,383
Total Revenue		543,940,725	351,800,636
Expenditure			
Employee related cost	22	113,939,014	100,337,863
Remuneration of councillors	23	18,746,784	16,960,075
Depreciation and amortisation	25	39,212,602	35,372,528
Finance costs	26	371,432	418,165
Collection costs		4,538,629	5,106,644
Repairs and maintenance		46,383,801	34,154,687
Contracted services	28	306,695	304,212
Provision for Bad debts		-	42,724,283
Inventory write down/Assets write off		4,878,962	9,914,312
General Expenses	21	113,301,636	75,814,783
Total Expenditure		341,679,555	321,107,552
Surplus for the year		202,261,170	30,693,084

Thulamela Municipality

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Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	874,262,800	874,262,800
Adjustments		
Prior year adjustments	23,885,506	23,885,506
Balance at July 01, 2010 as restated	898,148,306	898,148,306
Changes in net assets		
Surplus for the year	30,693,084	30,693,084
Total changes	30,693,084	30,693,084
Opening balance as previously reported	919,357,398	919,357,398
Adjustments		
Prior year adjustments (Note number 37)	12,412,837	12,412,837
Balance at July 01, 2011 as restated	931,770,235	931,770,235
Changes in net assets		
Surplus for the year	202,261,170	202,261,170
Total changes	202,261,170	202,261,170
Balance at June 30, 2012	1,134,031,405	1,134,031,405

Note(s)

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

Cash Flow Statement

Figures in Rand	Note(s)	2012	2011
Cash flows from operating activities			
Receipts			
Cash receipts from taxes, levies and fines		29,431,353	19,189,193
services charges		44,179,356	(4,167,217)
Grants		484,818,260	265,336,603
Interest income		7,317,739	6,084,136
Other receipts		(52,964,951)	36,184,743
		512,781,757	322,627,458
Payments			
Employee costs		(131,637,345)	(112,189,995)
Suppliers		(144,179,715)	(118,917,433)
Finance costs	26	(371,432)	(418,165)
		(276,188,492)	(231,525,593)
Net cash flows from operating activities	29	236,593,264	91,101,867
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(123,917,952)	(61,800,766)
Net cash flows from investing activities		(123,917,952)	(61,800,766)
Cash flows from financing activities			
Proceeds from short term loan		8,213,046	-
Movement in long term debtors		(200,965)	803,800
Finance lease payments		(539,776)	(2,736,418)
Net cash flows from financing activities		7,472,305	(1,932,618)
Net increase/(decrease) in cash and cash equivalents		120,147,617	27,368,483
Cash and cash equivalents at the beginning of the year		70,589,012	43,220,529
Cash and cash equivalents at the end of the year	9	190,736,629	70,589,012

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1. Presentation of Annual Financial Statements

These annual financial statements have been prepared in accordance with General Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, Act No 56.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The principle accounting policies adopted in the preparation of these annual Financial Statement are set out below.

Asset, Liabilities, Revenue and Expenses have not been offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statement, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

PRESENTATION CURRENCY

These annual Financial Statement are presented in South Africa Rand, which is the functional currency of the Municipality

GOING CONCERN ASSUMPTION

These annual Financial Statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months

COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly, where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly

STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not effective and not been early adopted by the municipality

GRAP 18 Segment Reporting- issued March 2005

GRAP 21 Impairment of non cash generating asset

GRAP 23 Revenue from non-exchange transactions (Taxes and Transfers)

GRAP 24 Presentation of budget information

GRAP 25 Employee Benefits

GRAP 26 Impairment of Cash generating assets

GRAP 103 Heritage assets

GRAP 104 Financial Instruments

GRAP 105 Transfer of functions between entities under common control

GRAP 106 Transfer of function between entities not under common control

GRAP 107 Mergers

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1.1 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Subsequent to initial recognition, land and building are carried at a revalued amount in terms of valuation roll and building are held at costs amount.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an assets as a result of a revaluation, is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that assets.

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset useful lives:

Item	Average useful life
•	
Finance lease assets	
• Office equipment(term of the lease)	5 Years
• Other Assets (term of the lease)	5 Years
Infrastructure	
• Roads and Paving	15-30 Years
• Pedestrian Malls	20 Years
• Electricity	20-30 Years
• Water	15-20 Years
• Sewerage	15-20 Years
• Security measures	3-5 Years
Community	
• Buildings & other assets	30 Years
• Recreational Facilities	20 Years
Other property, plant and equipment	
• Buildings	30 Years
• Plant and aequipment	2-15 Years
• Motor vehicles	3-20 Years
• Office equipment	3-5 Years
• Furniture and fittings	7-10 Years
• Bins and containers	5-10 Years
• Emergency equipment	5-15 years

Thulamela Municipality

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Accounting Policies

1.1 Property, plant and equipment (continued)

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance..

1.2 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

"Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance. Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1.3 Financial instruments

Initial recognition

Financial instruments are initially recognised at fair value.

Subsequent measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

Trade and other receivables

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired and general payment profile of debtors. Impairments are determined based on the collectable rate. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

Trade payables and Borrowings

Financial Liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost are initially recognised at fair value and subsequently measured at amortised cost which is the carrying amount, less repayments plus interest.

Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and overdrafts. The Municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

Derivatives

Held to maturity

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1.3 Financial instruments (continued)

Impairment of assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

'- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period. If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined. The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows: '- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit. A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Municipality as lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term. Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

Municipality as lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1.5 Inventories

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Retirement benefits

The municipality contributes to retirement benefits schemes for its continued employees and councillors. The municipality legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. In consequence the actuarial and investment risks fall on the employee. The contributions to these schemes are recognised as an expense on the statement of financial performance.

1.6 Construction contracts and receivables

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by .

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

1.7 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1.7 Impairment of cash-generating assets (continued)

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

1.8 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

1.9 Provisions

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

1.10 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable. Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis. Revenue from the rental/hiring of facilities and equipment is recognised as revenue once the booking and payment has been made. Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1.10 Revenue from exchange transactions (continued)

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits. Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer. Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

1.11 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received. Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality.

Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised. Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality. Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Grants, transfer and donations

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

1.13 Unauthorised Expenditure

Unauthorised expenditure is expenditure that has been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.14 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1.15 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.16 Investments

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

Thulamela Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

2 PROPERTY, PLANT AND EQUIPMENT

2.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Furniture	IT Equipments	Office equipments	Machinery & equipments	Motor vehicles	Finance lease assets	Total
	R	R	R	R	R	R	R	R	R	R	R
as at 01 July 2011	314,957,555	24,552,746	384,353,599	87,359,847	2,870,885	1,680,588	291,778	313,034	19,709,130	2,264,508	838,353,670
Cost/Revaluation	314,957,555	29,171,326	459,123,745	98,211,774	4,441,072	3,063,954	542,576	605,969	39,871,337	5,732,281	955,721,589
Accumulated depreciation and imp	-	(4,618,580)	(74,770,147)	(10,851,927)	(1,570,187)	(1,383,366)	(250,798)	(292,935)	(20,162,207)	(3,467,773)	(117,367,919)
Acquisitions	-	-	-	-	286,052	1,547,963	76,462	73,498	15,354,359	-	17,338,334
Capital under Construction	-	-	85,172,409	21,265,695	-	-	-	-	-	-	106,438,104
Depreciation	-	(972,606)	(28,726,432)	(1,918,724)	(356,566)	(493,465)	(75,490)	(101,510)	(4,756,150)	(758,186)	(38,159,130)
Carrying value of disposals	-	1,604	-	131,066	115,512	355,136	42,625	109,326	3,587,918	465,110	4,808,296
Cost/Revaluation	-	6,865	-	361,458	236,904	1,197,921	142,882	329,876	10,803,233	3,517,581	16,596,722
Accumulated depreciation and imp	-	(5,261)	-	(230,392)	(121,392)	(842,785)	(100,257)	(220,550)	(7,215,316)	(3,052,471)	(11,788,425)
as at 30 June 2012	314,957,555	23,578,537	440,799,575	106,575,752	2,684,859	2,379,950	250,126	175,696	26,719,421	1,041,212	919,162,882
Cost/Revaluation	314,957,555	29,164,461	544,296,154	119,116,011	4,490,220	3,413,996	476,156	349,591	44,422,463	2,214,700	1,062,901,306
Accumulated depreciation and imp	-	(5,585,924)	(103,496,579)	(12,540,259)	(1,805,361)	(1,034,046)	(226,030)	(173,895)	(17,703,042)	(1,173,488)	(143,738,624)

At year end assessment was made on the residual values and useful life of property, plant and equipments. The details are in note 34

Thulamela municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

2.2 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Furniture	IT Equipments	Office equipments	Machinery & equipments	Vehicles	Finance lease assets	Total
	R	R	R	R	R	R	R	R	R	R	R
as at 01 July 2010	324,441,555	25,525,352	363,987,949	75,490,745	2,018,240	898,795	112,963	90,602	15,294,655	2,588,223	810,449,081
Cost/Revaluation	324,441,555	29,171,326	411,868,077	84,604,799	3,849,402	3,241,619	666,562	1,067,990	49,324,529	5,732,281	913,968,139
Accumulated depreciation and imp	-	(3,645,974)	(47,880,128)	(9,114,054)	(1,831,162)	(2,342,824)	(553,599)	(977,388)	(34,029,874)	(3,144,058)	(103,519,059)
Acquisitions	-	-	24,315,581	-	692,529	441,399	92,124	16,529	3,578,365	-	29,136,527
Capital under Construction	-	-	22,940,087	13,723,469	-	-	-	-	-	-	36,663,557
Depreciation	-	(972,606)	(26,890,019)	(1,920,739)	(285,435)	(477,364)	(51,717)	(42,203)	(3,386,231)	(763,160)	(34,789,474)
Carrying value of disposals	-	-	-	75,154	1,871	33,057	6,125	5,986	2,549,892	-	2,672,084
Cost/Revaluation	-	-	-	116,494	101,505	619,064	216,110	478,550	13,031,557	-	14,563,280
Accumulated depreciation and imp	-	-	-	(41,340)	(99,634)	(586,007)	(209,985)	(472,565)	(10,481,665)	-	(11,891,196)
as at 30 June 2011	324,441,555	24,552,746	384,353,599	87,218,322	2,423,463	829,773	147,245	58,943	12,936,897	1,825,063	838,787,606
Cost/Revaluation	324,441,555	29,171,326	459,123,745	98,211,774	4,440,426	3,063,954	542,576	605,969	39,871,337	5,732,281	965,204,943
Accumulated depreciation and imp	-	(4,618,580)	(74,770,147)	(10,993,453)	(2,016,963)	(2,234,181)	(395,331)	(547,026)	(26,934,440)	(3,907,218)	(126,417,337)

Thulamela Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

R

3 INTANGIBLE ASSETS

3.1 Reconciliation of carrying value	Computer Software	Total
	R	R
as at 01 July 2011	1,768,759	1,768,759
Cost	4,321,211	4,321,211
Accumulated amortisation and impairment losses	(2,552,452)	(2,552,452)
Acquisitions	-	-
Amortisation	(606,893)	(606,893)
Carrying value of disposals	-	-
Cost	62,982	62,982
Accumulated amortisation	(62,982)	(62,982)
as at 30 June 2012	1,161,866	1,161,866
Cost	4,258,230	4,258,230
Accumulated amortisation and impairment losses	(3,096,364)	(3,096,364)

3.2 Reconciliation of carrying value	Computer Software	Total
	R	R
as at 01 July 2010	1,731,171	1,731,171
Cost	4,147,527	4,147,527
Accumulated amortisation and impairment losses	(2,416,356)	(2,416,356)
Acquisitions	173,684	173,684
Amortisation	(583,318)	(583,318)
as at 30 June 2011	1,768,759	1,321,537
Cost	4,321,211	4,321,211
Accumulated amortisation and impairment losses	(2,552,452)	(2,999,674)

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

Figures in Rand

4. Non current receivables

Debtors Agreements

Debtors agreements	2,753,997	2,553,032
Total Short term portion	1,261,206	2,399,025
Non-Current portion	1,492,791	154,007

The long term receivables are as a result of arrangement made between the consumer debtors and the municipality to settle their account.

5. Inventories

Consumable stores	853,376	713,286
Unsold Sites	10,598,058	16,790,186
	11,451,434	17,503,472

INVENTORY

Opening balance of consumables stores	713,286	1,194,133
Unsold sites at cost	16,790,186	32,442,513
Total opening balance of inventories	17,503,472	33,636,645

Additions

Consumable stores	2,477,975	2,003,277
Total additions	2,477,975	2,003,277

Issued/(Sold)

Consumable stores	(2,337,886)	(2,484,123)
Sites Sold	(6,192,127)	(15,652,327)
Total issued/(Sold)	(8,530,013)	18,136,450

Closing balance of consumable stores	853,375	713,286
closing balance of unsold sites	10,598,059	16,790,186
Total closing balance of inventories	11,451,434	17,503,472

6. Consumer Debtors

Service debtors	171,816,261	260,975,909
Provision for Bad Debts	(144,183,110)	(245,468,467)
	27,633,145	15,507,431

The detail age analysis is in note 7

7. Consumer debtors

Rates

Current (0 -30 days)	3,832,130	2,680,607
31 - 60 days	1,119,006	878,111
61 - 90 days	1,066,451	783,859
91 - 120 days	1,054,163	713,274
121 days +	34,030,547	29,501,940
	41,102,297	34,557,791

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
7. Consumer debtors (continued)		
General Services		
Current (0 -30 days)	638,291	2,330,249
31 - 60 days	511,499	2,285,315
61 - 90 days	471,464	2,259,286
91 - 120 days	456,217	2,223,302
121 days +	66,520,176	91,426,284
	68,597,647	100,524,436
Other		
Current (0 -30 days)	7,923,410	5,720,050
31 - 60 days	2,541,657	2,500,327
61 - 90 days	2,224,123	2,363,232
91 - 120 days	2,343,494	2,241,994
121 - 365 days	47,083,635	113,068,079
	62,116,319	125,893,682
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	12,393,830	10,730,905
31 - 60 days	4,172,162	5,663,753
61 - 90 days	3,762,037	5,406,378
91 - 120 days	3,853,873	5,178,571
121 - 365 days	147,634,360	233,996,303
	171,816,262	260,975,910
Reconciliation of debt impairment provision		
Balance at beginning of the year	245,468,466	211,293,912
Contributions to provision	-	40,404,958
Debt impairment written off against provision	(83,915,584)	(6,230,404)
Reversal of provision	(17,369,772)	-
	144,183,110	245,468,466
8. Other receivables		
MIG	19,026,260	-
Vat	39,689,213	17,045,333
VDM Debtor	50,398,246	17,094,718
R/D Cheques	84,081	56,625
Other debtors	1,525,274	550,961
	110,723,074	34,747,637
9. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	25,028,846	-
Short-term deposits	165,707,783	80,576,787
Bank overdraft	-	(9,987,775)
	190,736,629	70,589,012

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
9. Cash and cash equivalents (continued)		
Current assets	190,736,629	80,576,787
Current liabilities	-	(9,987,775)
	190,736,629	70,589,012

Bank Guarantee	450,000	450,000
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Included in the main primary bank account is guarantee/security of R450 000 to post office. Should Municipality fail to meet payments obligation with post office the amount will be paid over to post office by the bank.

Cash and cash equivalents pledged as collateral

The money market account has been pledged as collateral for the loan from DBSA	1,085,645	-
Terms and conditions		

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2012	June 30, 2011	June 30, 2010
FNB BANK - Account Type - CHEQUE-54660078973	46,725,900	20,949,189	6,348,544	23,943,201	(9,987,775)	(7,681,429)
FNB BANK - Account Type - CHEQUE- 62116107401	-	-	91,468	-	-	91,467
FNB BANK - Account Type - CALL- 62090588016	129,696,195	36,290,603	4,537,232	129,696,195	36,290,603	4,537,232
FNB BANK - Account Type - CALL- 62090588793	36,011,588	44,286,184	46,273,258	36,011,588	44,286,184	46,273,256
FND BANK - Account Type - MONEY MARKET- 62336900320	1,085,645	-	-	1,085,645	-	-
Total	213,519,328	101,525,976	57,250,502	190,736,629	70,589,012	43,220,526

10. Short term loan

Current liabilities		
Bank loan (DBSA)	8,213,046	-

The municipality has entered into a loan agreement with the DBSA to fund electrification projects. According to the terms and conditions of the loan, interest will be calculated on the amount of loan outstanding on the basis of the actual number of days elapsed and a 365 day year. The interest rate is three months jibar plus margin. An amount of R71 082 has been incurred as interest and is included on finance cost

Refer to Appendix A for more detail on borrowings.

Current liabilities		
Bank loan(DBSA)	8,213,046	-

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
11. Finance lease obligation		
Minimum lease payments due		
- within one year	737,202	797,095
- in second to fifth year inclusive	1,061,562	1,798,764
	1,798,764	2,595,859
less: future finance charges	(278,688)	(536,007)
Present value of minimum lease payments	1,520,076	2,059,852
 Non-current liabilities	 962,090	 1,177,656
Current liabilities	557,985	882,196
	1,520,075	2,059,852

The average lease term is 5 years.

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Unspent grant - MIG	-	445
Unspent grant - NDPG	52,218,046	52,946
Unspent grant EPWP	2,633,000	784,000
	54,851,046	837,391

See note 19 for reconciliation of grants and receipts from National/Provincial Government.

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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13. Provisions

Reconciliation of provisions - 2012

	Opening Balance	Additions	Reversed during the year	Total
Provision for Performance Bonus	442,207	-	-	442,207
Provision for Bonus	2,224,682	297,559	-	2,522,241
Provision for Long Term Leave	1,624,985	-	(182,141)	1,442,844
Provision for Long Service Award	6,942,440	933,035	-	7,875,475
	11,234,314	1,230,594	(182,141)	12,282,767

Reconciliation of provisions - 2011

	Opening Balance	Additions	Total
Provision for Performance Bonus	-	442,207	442,207
Provision for Bonus	1,527,891	696,792	2,224,682
Provision for Long Term Leave	-	1,624,985	1,624,985
Provision for Long Service Award	4,598,481	2,343,959	6,942,440
	6,126,372	5,107,943	11,234,314
Non-current liabilities		9,318,319	8,567,425
Current liabilities		2,964,448	2,666,889
		12,282,767	11,234,314

Performance bonuses are paid one year in arrears. The assessment of eligible reporting employees had not taken place at the reporting date. The provision for performance bonus is an estimate of the performance agreements at the reporting date.

14. Trade and other payables

Trade payables	3,218,783	655,754
Accrued Expense	10,019,524	6,913,402
Sundry Creditors	7,112	7,112
Retention creditors	25,197,055	9,224,392
Income received in advance	5,502,531	13,413,686
Staff leave accrual	4,954,420	4,737,579
Stale Cheques	1,276,131	1,275,429
Unidentified Deposits	2,081,273	1,801,310
	52,256,829	38,028,664

15. Consumer deposits

Rental of facilities	20,437	8,115
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Consumer Deposits are as a result of refundable deposit that consumers pay for rental of facilities.

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
16. Revenue		
Property rates	25,425,680	15,631,528
Service charges	35,759,268	33,502,622
Rental of facilities & equipment	499,006	442,880
Interest received – trading	-	1,012,753
Fines	4,005,673	3,557,665
Licences and permits	11,403,629	10,554,808
Government grants & subsidies	430,804,605	266,569,035
	507,897,861	331,271,291

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	35,759,268	33,502,622
Rental of facilities & equipment	499,006	442,880
Interest received – trading	-	1,012,753
Licences and permits	11,403,629	10,554,808
	47,661,903	45,513,063

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	25,425,680	15,631,528
Fines	4,005,673	3,557,665
Transfer revenue		
Levies	430,804,605	266,569,035
	460,235,958	285,758,228

17. Property rates

Rates received

Assessment Rates	25,425,680	15,631,528
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Valuations

Residential	1,732,617,000	1,732,617,000
Commercial	991,280,600	991,280,600
State	984,824,500	984,824,500
Municipal	333,859,555	333,859,555
	4,042,581,655	4,042,581,655

Valuations on land and buildings are performed every four years. The last general valuation came into effect on 1 July 2009. Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations.

Municipal rates on the tariff listing is applied to property valuations to determine assessment rates. Rates are levied on an annual basis on property owners.

18. Service charges

General Services	34,711,438	32,532,002
Refuse removal	1,017,777	940,288
Sewerage and sanitation charges	30,053	30,332
	35,759,268	33,502,622

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
19. Government grants and subsidies		
Equitable share (Operational Grant)	235,608,000	202,014,573
Finance Management Grant (FMG)- (Opretational Grant)	1,250,000	1,000,000
Local Goverment Capacity Building Grant--(Operational Grant)	790,000	834,397
Grant (VDM)-(Operational grant)	-	2,000,000
Neighbourhood Development Grant-(Capital Grant)	72,834,900	19,932,179
Municipal Infrastructure Grant (MIG)-(CapitalGrant)	80,321,705	38,802,460
Electricity Grant-(Capital Grant)	40,000,000	1,985,426
	430,804,605	266,569,035

19.1 Equitable Share

The grant is an unconditionally grant and is partially utilized for the provision of indigent support through free basic services. Registered indigents receive a rebate of R840 which is funded from the grant.

19.2 Municipal Infrastructure Grant

Balance unspent at beginning of year	(445)	(208,095)
Current-year receipts	61,295,000	39,011,000
Conditions met - transferred to revenue	(80,321,705)	(38,802,460)
	(19,027,150)	(445)

This grant was used to construct basic municipal infrastrcture to provide basic services for the benefit of household. The amount of R19 027 150 was utilised from own revenue, and it will be recovered from MIG.This amount has been included on other receivables

19.3 National Development Partnership Grant

Balance unspent at beginning of year	52,946	(14,886)
Current-year receipts	125,000,000	19,999,991
Conditions met - transferred to revenue	(72,834,900)	(19,932,159)
	52,218,046	52,946

Unspent amount transferred to liabilities

19.4 EPWP grant

Balance unspent at beginning of year	784,000	-
Current-year receipts	1,849,000	784,000
	2,633,000	784,000

Unspent amount transferred to liabilities

19.5 Municipal Systems Improvement Grant

Balance unspent at beginning of year	-	84,397
Current-year receipts	790,000	750,000
Conditions met - transferred to revenue	(790,000)	(834,397)
	-	-

This grant was used to build in house capacity to perform the functions and stabilize institutional and gornenance systems .

19.6 VDM Saselamani ring road

Thulamela Municipality

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Figures in Rand	2012	2011
19. Government grants and subsidies (continued)		
Current-year receipts	-	2,000,000
Conditions met - transferred to revenue	-	(2,000,000)
	-	-
19.7 Integrated National Electrification Grant (INEG)		
Balance unspent at beginning of year	-	1,985,426
Current-year receipts	40,000,000	-
Conditions met - transferred to revenue	(40,000,000)	(1,985,426)
	-	-
The grant was used to address the electrification back- log of permanently occupied residents. The conditions of the grant were met.		
19.8 Finance Management Grant		
Current-year receipts	1,250,000	1,000,000
Conditions met - transferred to revenue	(1,250,000)	(1,000,000)
	-	-
This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003 .		
20. Other revenue		
Sundry Revenue	2,502,961	3,136,923
Building plan fees	176,042	184,091
Refund skills development	875,437	296,758
sales of sites	7,553,411	11,840,190
	11,107,851	15,457,962

Thulamela Municipality

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Figures in Rand	2012	2011
21. General expenses		
2010 PVC	-	1,908,772
Advertising	884,709	394,813
Arts & Culture	-	10,850
Audit Fees External	2,037,712	2,092,741
Bank Charges	607,845	571,071
Books & Publications	172,167	167,953
Cellular Phone Expenses	625,476	505,337
Cleaning Material	1,510,342	1,199,955
Conference Expenditure	2,316,198	1,164,855
Cost of Site Sold	6,192,127	8,486,781
Disability Development Program	15,500	38,596
Disaster Relief	378,431	181,011
Education, Siyadlala & Sports	-	29,100
Electricity - Departmental	3,006,300	3,493,749
Entertainment	29,467	54,858
Environmental Campaign	121,537	379,107
General expenses	96,940	537,441
Fuel and Oil	4,978,640	4,553,990
IT expenses	434,363	-
Indigent Subsidy	19,701,953	7,434,002
Insurance - Excess	64,929	39,475
Insurance - General	248,083	442,666
Iron Pegs	-	(300)
Landfill	1,455,789	638,589
Legal Expenses	6,512,015	3,589,266
Licence & Registration	149,100	33,033
Licence & Registration - Provincial	226,959	62,314
Licence Application	477,991	867,430
Local Economic Development	235,965	276,188
Membership Fees	601,758	806,294
Operating Lease Rental	374,834	52,742
Printing & Stationery	1,231,247	1,284,878
Professional Fees	1,490,589	2,629,268
Project Expenditure - Electricity	43,143,318	22,621,739
Project Management Unit	4,108	58,893
Public Participation	1,727,226	968,378
Publicity	565,141	312,929
RSC Levy	-	(33)
Refreshments	51,250	33,900
Rental of Equipment	1,304,394	785,760
Stadia Markers	-	17,457
Subsistence and Travel	1,990,099	1,237,640
Survey Cost	1,404	(448)
Technical Assistance	805,607	75,627
Telephone Expenses	1,692,756	1,466,696
Towing	179,379	44,232
Township Establishment	2,690,467	2,763,033
Traffic Uniform	227,658	210,258
Training	2,559,898	1,114,571
Transport and freight	250	-
Welfare Development Plan Program	23,163	24,750
Women Development Plan Program	40,900	53,645
Youth Development Plan	96,502	12,800
Youth, Hiv, Women and Disable Program	19,150	86,131
	113,301,636	75,814,783

Thulamela Municipality

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Figures in Rand	2012	2011
22. Employee related costs		
Salaries	73,436,154	59,405,790
Bonus	5,801,428	4,593,336
Medical aid - company contributions	2,168,516	1,387,242
Unemployment Insurance Fund	651,110	547,803
WCA	118,778	2,929,421
Skills Development Levy	858,930	847,530
Pension Fund Contribution	15,740,910	13,241,937
Travelling Allowance	6,792,009	6,338,429
Overtime	1,843,893	2,470,823
Long-service	755,643	2,568,183
Acting allowances	307,505	283,208
Industrial Council Levies	22,352	22,693
Housing Subsidy	233,846	195,751
Leave Bonus	1,225,771	1,080,571
Uniforms	113,046	885,461
Casual Labour	3,869,123	3,539,685
	113,939,014	100,337,863
Remuneration of municipal manager		
Annual Remuneration	644,064	579,337
Car Allowance	230,118	208,288
Contributions to UIF, Medical and Pension Funds	150,459	129,001
Bonus	53,672	44,532
	1,078,313	961,158
Remuneration of chief finance officer		
Annual Remuneration	579,657	521,399
Car Allowance	186,548	169,586
Bonuses	48,305	46,337
Contributions to UIF, Medical and Pension Funds	153,171	134,686
	967,681	872,008
Corporate and human resources (corporate services)		
Annual Remuneration	579,657	521,399
Car Allowance	206,941	187,237
Bonuses	48,305	40,079
Contributions to UIF, Medical and Pension Funds	136,022	116,254
	970,925	864,969
Senior Manager: Technical Manager		
Annual Remuneration	579,657	521,399
Car Allowance	206,941	201,899
Bonuses	48,305	40,079
Contributions to UIF, Medical and Pension Funds	136,142	116,254
	971,045	879,631
Senior Manager: Planning and Development		
Annual Remuneration	579,657	521,399
Car Allowance	206,941	187,237

Thulamela Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2012	2011
22. Employee related costs (continued)		
Bonuses	48,305	46,337
Contributions to UIF, Medical and Pension Funds	136,022	116,254
	970,925	871,227
23. Remuneration of councillors		
Mayor	471,903	384,848
Pension Fund	1,805,583	1,510,706
Cellphone Allowances	980,994	889,167
Speaker	331,483	313,008
Councillors	11,264,681	9,469,794
Chief whip	310,765	295,508
Medical aid	-	27,849
Travelling Allowance	3,435,013	3,949,102
Skills Development Levy	146,361	120,094
	18,746,783	16,960,076
In-kind benefits		
The Mayor, Speaker and Chief whip are full-time. Each is provided with an office.		
The Mayor has use of a Council owned vehicle and driver for official duties.		
Disclosure in terms of the MFMA, 2003, Section 124 (1) (a).		
24. Investment revenue		
Interest revenue		
Bank	7,317,739	5,071,383
Trade and other receivables	-	1,012,753
	7,317,739	6,084,136
The amount included in Investment revenue arising from non-exchange transactions amounted to R7,317,739-00		
25. Depreciation and amortisation		
Property, plant and equipment	38,158,487	34,789,474
Intangible assets	1,054,115	583,318
	39,212,602	35,372,792
26. Finance costs		
Current borrowings	71,082	-
Finance leases	257,319	361,961
Bank Overdraft	11,428	8,780
Other	31,603	47,425
	371,432	418,166
27. Rental of facilities and equipment		
Facilities and equipment		
Rental of facilities	499,006	442,880

Thulamela Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2012	2011
28. Contracted services		
Security Services	306,695	304,212
29. Cash generated from operations		
Surplus	202,261,170	30,693,084
Adjustments for:		
Depreciation and amortisation	39,212,602	35,372,528
Movements in provisions	1,048,453	5,107,944
Other non-cash items	4,878,962	-
Other non-cash items	70,756	-
Changes in working capital:		
Inventories	6,052,038	16,133,173
Consumer Debtors	(9,209,508)	11,276,734
Other receivables from non-exchange transactions	(75,975,437)	9,729,093
Consumer debtors impairment	-	(6,230,404)
Trade and other payables	14,228,251	(9,755,968)
Unspent conditional grants and receipts	54,013,655	(1,232,432)
Consumer deposits	12,322	8,115
	236,593,264	91,101,867
30. Commitments		
Authorised capital expenditure		
Contracted in respect of expenditure		
• Community Assets	5,959,508	19,111,589
• Infrastructure	91,217,562	134,428,390
• Other	78,517,492	7,520,237
	175,694,562	161,060,216
The expenditure will be financed from:		
• MIG	18,486,122	36,221,983
• NDPG	68,329,642	92,776,790
• INEP	64,457,757	-
• OWN	24,421,041	32,061,443
	175,694,562	161,060,216

Thulamela Municipality

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Notes to the Annual Financial Statements

Figures in Rand 2012 2011

31. Contingencies

Contingencies

	2,012	2,011
Mr Matodzi Israel is suing the Municipality for damages	5,914,000	-
Netshifhefhe N.M has been sued the municipality for damages caused during electrification project	750,000	-
Netshivhumbe M is suing the municipality for damages caused during electrification project	750,000	-
MACP Construction is suing the Municipality for a specific performance	659,868	-
The municipality is been sued by Netshitungulu and others to stop constructing a road at maniini arguing that it will result in the distruction of their structures	-	300,000
Mphaphuli and Tshivhase traditional councils have sued Municipality for access of information.	-	300,000
NL Malada is suing Municipality for being man handled at a roadblocked	-	30,000
Thulamela Municipality and NS Mathagu are suing each other for demolition of illegal stands/structures.	-	80,000
	8,075,880	712,011

32. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Heading	Not later than one month	Later than one month and not later than three month	Later than three month and not later than one year	Later than one yeat and not later than 5 years	Total
Gross Finance lease obligation	61,433	122,867	522,901	1,063,244	1,770,445
Trade and other payables	27,059,774	-	-	-	27,059,774
Other	-	7,000,471	12,686,836	5,509,748	25,197,055
Borrowing	-	8,213,046	-	-	8,213,046
	27,121,207	15,336,384	13,209,737	6,572,992	62,240,320

2011	Not later than one month	Later than one month and not later than three month	Later than three month and not later than one year	Later than one yeat and not later than 5 years	Total
Gross finance lease obligation	61,433	122,867	552,901	1,800,445	2,537,646
Trade and other payables	25,712,563	-	-	-	25,712,563
Others	3,512,395	2,783,993	6,362,083	78,315	12,736,786
	29,286,391	2,906,860	6,914,984	1,878,760	40,986,995

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

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Figures in Rand	2012	2011
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32. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2012	2011
Money Marker Investment	1,085,645	-
FNB Current account	23,943,201	(9,987,775)
FNB Call Account	165,707,810	80,576,787
Long term debtors	2,754,001	2,553,032
Trade and other receivables	138,356,219	50,255,067

33. Fruitless and wasteful expenditure

Opening	1,370,418	-
Current year unauthorised expenditure	324,443	1,370,418
Condoned	(43,031)	-
	1,651,830	1,370,418

Interest of R 31603 and R11 427.52 incurred due to late payment and bank overdraft charges respectively, which resulted to fruitless expenditure.

34. Irregular expenditure

Opening balance	31,109,728	241,309
Current year irregular	9,489,576	30,868,419
Irregular expenditure awaiting condonement	40,599,304	31,109,728

35. Employee benefit obligations

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution funds were used in the current financial year.

The municipality is under no obligation to cover any unfunded benefits. The total municipal contribution to such schemes are as listed below

Municipal Graduity Fund	3,201,206	2,172,030
Momentum provident Funds	5,388,142	4,703,312
National Fund for Municipal workers	897,136	599,692
Municipal Employees pension fund	6,252,655	5,759,120
Municipal Councillors pension fund	3,201,206	1,510,706
Total Contribution	17,546,493	14,752,642

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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36. Change in estimate

Property, plant and equipment

GRAP 17 Paragraph 61 state that the residual value and the useful life of an asset shall be reviewed at least at each reporting date and if expectation differ from previous estimate, the changes shall be accounted as a change in accounting estimate in accordance with standard of GRAP on accounting policies, changes in accounting estimates and errors.

The effect of the assessment is as follows:

Reassessment		
Community Assets	33,128	-
Furniture	460,885	-
Infrastructure Assets	448,885	-
IT Equipment	507,246	-
Kitchen Equipment	9,504	-
Machinery, Plant and Equipment	109,368	-
Office Equipment	122,741	-
Vehicles	9,404,555	-
Total Accumulated Depreciation	11,096,312	-
 Net Impact on Accumulated Surplus	 11,096,313	 -

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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37. Prior period errors

Thulamela Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2012	2011
37. Prior period errors (continued)		
37.1 During the year it was discovered that prepaid expenses on insurance was understated by an amount of R 550,961, the comparative figures has been restated as follows:		
General Expenses	(550,961)	-
Prepaid Expenses	550,961	-
37.2 During the financial year ended 30 June 2012 it was discovered that creditors was overstated by an amount of R 420,685.14		
General Expenses	(420,686)	-
Trade and Other Payables	420,686	-
37.3 During the financial year ended 30 June 2012 it was discovered that finance lease liability was overstated by an amount of R 298,990.19		
General Expenses	(298,990)	-
Finance Lease Liability	298,990	-
37.4 During the financial year ended 30 June 2012 it was discovered that Property, Plant and Equipment was understated and the effect is as follows:		
Property, Plant and Equipment	-	23,885,506
Accumulated Surplus	-	(23,885,506)
37.5 During the financial year it was discovered that intangible assets was understated by an amount of R 1,410,516		
Intangible Assets	686,805	-
Property, Plant and Equipment	(686,805)	-
Accumulated Depreciation	2,097,321	-
Accumulated Amortisation	(2,097,321)	-
Net Effect on Financial Position	-	-
37.6 During the financial year ended 30 June 2012 it was discovered that other revenue was understated by an amount of R 1,170.00		
Other Revenue	1,170	-
Property, Plant and Equipment	(1,170)	-

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
37. Prior period errors (continued)		
37.7 During the financial year ended 30 June 2012 it was discovered that Property, Plant and Equipment was overstated by an amount of R 537,441		
Property, Plant and Equipment	(537,441)	-
General Expenses	537,441	-
37.8 During the financial year ended 30 June 2012 the assessment of useful life was made and the effect on Accumulated Depreciation are as follows:		
Accumulated Depreciation	9,496,639	-
Accumulated Surplus	(9,496,639)	-
37.9 During the financial year ended 30 June 2012 it was discovered that Consumer Debtors was understated due to water transactions by an amount of R 9,146,599.27		
Consumer Debtors	9,146,599	-
Accumulated Surplus	(9,146,599)	-
37.10 During the financial year ended 30 June 2012 it was discovered that Depreciation for the year was under stated by an amount of R 3,555,466		
Depreciation	3,355,466	-
Accumulated Depreciation	(3,355,466)	-
37.11 During the financial year ended 30 June 2012 it was discovered that the Accumulated surplus was understated by an amount of R 6,230,392		
Accumulated Surplus	6,230,392	-
Provision for Bad Debts	(6,230,392)	-
37.12 During the financial year ended 30 June 2012 it was discovered that the Land was overstated and the effect is as follows:		
Land	(9,484,000)	-
Accumulated Surplus	9,484,000	-
Total Net Effect on Surplus/(Deficit) for the year	2,623,440	-
Total Net Effect on Accumulated Surplus	(2,928,846)	(23,885,506)
	-	-

38. Events after the reporting date

1. Municipal car hijacking and robbery of cash in transit

- On the 6th July 2012, there was a car hijacking and robbery of cash in transit that took place at Shayandima robots. The amount of money robbed was for the sale of sites.
- The financial effect of the robbery is R68 976.00.

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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39. Additional disclosure in terms of Municipal Finance Management Act

39.1 Contributions to organised local government

Current year subscription / fee	318,135	1,533,831
Amount paid - current year	(1,796,095)	(1,533,831)
	(1,477,960)	-

An amount of R 1 477 960 has been included on pre-paid expenses

39.2 Auditor's remuneration

Amount paid - current year	2,082,972	2,092,741
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39.3 PAYE and UIF

Current year subscription / fee	17,357,787	15,821,395
Amount paid - current year	(17,357,787)	(15,821,395)
	-	-

The amounts represent PAYE and UIF deducted from employees and company contribution on UIF.

39.4 Pension and Medical Aid Deductions

Current year subscription / fee	8,264,162	6,810,976
Amount paid - current year	(8,264,162)	(6,810,976)
	-	-

The amount represent pension and medical aid contributions deducted from employees.

39.5 VAT

VAT receivable	39,689,213	17,045,334
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Vat is paid over to SARS only once the payment is received from Debtors. VAT output payables and VAT input receivables are shown in note 8

All VAT returns for the year have been submitted

39.6 Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for less than 90 days at June 30, 2012:

June 30, 2012	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor Bulala HP	26,016	-	26,016
Councillor Tshikovhi AA	1,386	-	1,386
	27,402	-	27,402

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

Thulamela Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
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39. Additional disclosure in terms of Municipal Finance Management Act (continued)

39.7 Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been approved by the Municipal Manager and noted by council.

Incident		
Repairs and maintainance	2,708,973	3,566,744
Training	1,291,635	439,377
Accommodation	909,573	58,160
Disaster	83,800	-
Advertisement	77,870	-
	5,071,851	4,064,281

40. Comparison with the budget

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure E1.

Schedule of external loans as at 30 June 2012

Loan Number	Redeemable	Balance at Thursday, June 30, 2011 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at Saturday, June 30, 2012 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
Development Bank of South Africa							
DBSA Loan	-	8,213,046	-	-	8,213,046	-	-
	-	8,213,046	-	-	8,213,046	-	-
Total external loans	-	8,213,046	-	-	8,213,046	-	-

Analysis of property, plant and equipment as at 30 June 2012
Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Under Construction Rand	Closing Balance Rand	Opening Balance Rand	Depreciation Rand	Disposal Rand	Closi
Infrastructure									
1.1.1300.0101.(Roads, Pavements & Bridges	459,123,745	-	-	85,172,409	544,296,154	74,770,146	28,726,432	-	
	459,123,745	-	-	85,172,409	544,296,154	74,770,146	28,726,432	-	
Community Assets									
1.1.1300.1400. Sportsfields and stadium	98,211,774	-	(361,458)	21,265,695	119,116,011	10,851,927	1,918,724	(230,393)	
	98,211,774	-	(361,458)	21,265,695	119,116,011	10,851,927	1,918,724	(230,393)	

Analysis of property, plant and equipment as at 30 June 2012
Cost/Revaluation Accumulated depreciation

	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposal	Closing Balance
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Other assets									
1.1.1300.2400.: General vehicles	39,871,337	15,354,359	(10,803,233)	-	44,422,463	20,162,207	4,756,150	(7,215,316)	
1.1.1300.2400.: Plant & equipment	605,969	73,498	(329,876)	-	349,591	292,935	101,510	(220,550)	
1.1.1300.2400.: Furniture & Fittings	4,441,072	285,052	(236,904)	-	4,490,220	1,570,188	356,566	(121,392)	
1.1.1300.2400.: Office Equipment	555,386	76,462	(142,882)	-	488,966	250,798	75,490	(100,257)	
1.1.1300.2400.: Land	314,957,555	-	(6,865)	-	314,957,555	-	-	-	
1.1.1300.2400.: Building	29,171,326	-	(1,197,921)	-	29,154,461	4,618,580	972,606	(5,261)	
1.1.1300.2400.: IT equipment	3,051,144	1,547,963	(1,197,921)	-	3,401,186	1,383,366	493,465	(842,785)	
1.1.1300.2400.: Other Assets - Leased	5,732,281	-	(3,517,581)	-	2,214,700	3,467,773	758,186	(3,052,471)	
	398,386,070	17,338,334	(16,235,262)	-	399,489,142	31,745,847	7,513,973	(11,558,032)	
Total property plant and equipment									
Infrastructure	459,123,745	-	-	85,172,409	544,296,154	74,770,146	28,725,432	-	
Community Assets	98,211,774	-	(361,458)	21,265,695	119,116,011	10,851,927	1,918,724	(230,393)	
Other assets	398,386,070	17,338,334	(16,235,262)	-	399,489,142	31,745,847	7,513,973	(11,558,032)	
	955,721,589	17,338,334	(16,596,720)	106,438,104	1,062,901,307	117,367,920	38,159,129	(11,788,425)	
Total	955,721,589	17,338,334	(16,596,720)	106,438,104	1,062,901,307	117,367,920	38,159,129	(11,788,425)	

Segmental analysis of property, plant and equipment as at 30 June 2012

Accumulated Depreciation

	Opening Balance Rand	Additions Rand	Disposal Rand	Closing Balance Rand	Opening Balance Rand	Depreciation Rand	Disposal Rand	Closing Balance Rand	Carrying value Rand
Municipality									
Executive & Council/Mayor and Council	218,339	-	-	218,339	124,114	22,448	-	146,562	71,77
Finance & Admin/Finance	15,370,296	2,986,315	(6,005,085)	12,351,526	8,372,210	1,887,643	(4,807,288)	5,452,565	6,898,96
Planning and Development	13,436,546	15,228,992	(109,809)	28,555,729	1,268,499	684,405	(70,832)	1,882,072	26,673,66
Housing	344,173,527	322,721	(258,551)	344,237,697	4,787,847	1,021,567	(217,097)	5,592,317	338,645,36
Public Safety/Police	6,255,106	2,858,916	(1,528,733)	7,585,289	1,557,378	671,906	(860,715)	1,368,569	6,216,72
Sport and Recreation	75,637,794	16,816,758	(182,629)	92,171,923	8,590,084	1,535,070	(121,391)	10,003,763	82,168,16
Environmental Protection/Pollution Control	26,876,796	476,543	(1,762,803)	25,590,536	5,506,706	1,349,360	(1,363,021)	5,493,045	20,097,46
Road Transport/Roads	473,853,186	85,086,195	(6,749,111)	552,190,270	87,161,081	30,986,730	(4,348,081)	113,799,730	438,390,54
	955,721,590	123,776,440	(16,596,721)	1,062,901,309	117,367,919	38,159,129	(11,788,425)	143,738,623	919,162,68
Municipal Owned Entities									
Total	955,721,590	123,776,440	1,062,901,309	117,367,919	38,159,129	143,738,623	919,162,687		

**Segmental Statement of Financial Performance for the year ended
2011**

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		
Municipality								
204,002,549	109,922,702	94,079,847	Executive & Council/Mayor and Council	293,225,274	101,497,326	191,727,948		
71,877,311	58,036,049	13,841,262	Finance & Admin/Finance	80,739,066	60,536,081	20,202,985		
887	14,259,099	(14,258,212)	Planning and Development/Economic Development/Plan	82,356	15,696,940	(15,614,584)		
11,084	8,982,032	(8,970,948)	Housing	15,604	10,261,856	(10,246,252)		
13,868,514	22,866,854	(8,998,340)	Public Safety/Police	15,275,512	26,810,870	(11,535,358)		
348,048	10,587,365	(10,239,317)	Sport and Recreation	410,053	9,174,549	(8,764,496)		
964,698	16,870,434	(15,905,736)	Environmental Protection/Pollution Control	14,693	17,907,718	(17,893,025)		
60,728,716	79,584,188	(18,855,472)	Road Transport/Roads	153,156,605	98,775,149	54,383,954		
351,801,807	321,108,723	30,693,084		542,919,163	340,660,489	202,261,172		
Municipal Owned Entities								
Other charges								
351,801,807	321,108,723	30,693,084	Municipality	542,919,163	340,660,489	202,261,172		
351,801,807	321,108,723	30,693,084	Total	542,919,163	340,660,489	202,261,172		

Thulamela Municipality

APPENDIX E

STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION

as at 30 June 2012

Description	Original Budget	Budget Adjustments (i.e. s28 & s31 Of The MFMA)		Virement (i.e. Council Approved By- law)	Final Budget	Actual Income		Unauthorised Expenditure	Variance	Actual Income As % Of Final Budget	Actual Outcome As % Of Original Budget
	1	2	3	4	5	6	7	8	9	10	11
Financial Performance											
Property Rates	15,500,000	24,000,000	-	24,000,000	25,425,680		1,425,680	106			164
Service Charges	36,400,000	36,400,000	-	36,400,000	35,759,268		-640,732	98			98
Investment Revenue	4,500,000	6,155,500	-	6,155,500	7,317,739		1,162,239	119			163
Transfers Recognised - Operational	322,145,159	426,148,000	-	426,148,000	430,804,605		4,656,605	101			134
Other Own Revenue	169,430,487	96,778,249	-	96,778,249	44,633,433		-52,144,816	46			26
Total Revenue (Excluding Capital Transfers & Contributions)	547,975,646	589,481,749	-	589,481,749	543,940,725	-	-45,541,024	470			585
Employee Costs	170,069,114	167,626,730	-	167,626,730	113,939,014		-53,687,716	68			67
Remuneration Of Councilors	23,063,060	22,950,034	751,900	22,198,134	18,746,784		-3,451,350	84			81
Debt Impairment	49,171,013	49,171,013	-	49,171,013	4,878,962		-44,292,051	10			10
Depreciation & Asset Impairment	20,480,239	25,013,752	-	25,013,752	39,212,602		14,198,850	157			191
Finance Charges	8,600,000	9,000,000	502,500	8,497,500	371,432		-8,126,068	4			4
Materials & Bulk Purchases	5,000,000	-	-	-	-		-	-			-
Transfers & Grants	-	-	1,254,400	316,974,620	164,530,761		-152,443,859	52			61
Other Expenditures	271,592,220	315,720,220	2,508,800	589,481,749	341,679,555	-	-247,802,194	375			415
Total Expenditure	547,975,646	589,481,749	-	589,481,749	202,261,170	-	202,261,170	95			170
Surplus/(Deficit)	-	-	-2,508,800	-	-	-	-	-			-
Transfers Recognised - Capital	86,295,000	136,295,000	136,295,000	136,295,000	124,271,439		-12,023,561	91			144
Contributions Recognised - Capital & Contributed Assets	9,483,500	1,575,500	1,575,500	1,575,500	1,575,500		-	-			-
Surplus/(Deficit) After Capital Transfers & Contributions	95,778,500	137,870,500	135,361,700	0	328,108,109	-	202,261,170	95			170
Share Of Surplus/(Deficit) Of Associate	-	-	-	-	-		-	-			-
Surplus/(Deficit) For The Year	95,778,500	137,870,500	135,361,700	0	328,108,109	-	202,261,170	95			170
Capital Expenditure & Funds Sources											
Capital Expenditure	86,295,000	136,295,000	-	136,295,000	124,271,439		-12,023,561	91			144
Transfers Recognised - Capital	-	-	-	-	-		-	-			-
Public Contributions & Donations	-	-	-	-	-		-	-			-
Borrowing	9,483,500	1,575,500	-	-	-		-	-			-
Internally Generated Funds	95,778,500	137,870,500	-	136,295,000	124,271,439	-	-12,023,561	91			144
Total Sources Of Capital Funds	95,778,500	137,870,500	-	136,295,000	124,271,439	-	-12,023,561	91			144
Cash flows											
Net Cash From (Used) Operating	-27,084,000	247,158,000	-	247,158,000	236,677,316		-12,023,561	-			-
Net Cash From (Used) Investing	95,778,500	-137,871,000	-	-137,871,000	-124,271,435		-12,023,561	-			-
Net Cash From (Used) Financing	68,694,500	100,287,000	-	100,287,000	119,878,186		-12,023,561	-			-
Cash/Cash Equivalents At The Year End	68,694,500	100,287,000	-	100,287,000	119,878,186	-	-12,023,561	91			144